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Before the  
Federal Communications Commission  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of

Revisions to  
Price Cap Rules for AT&T

CC Docket No. 93-197

To: The Commission

COMMENTS OF AERONAUTICAL RADIO, INC.

Aeronautical Radio, Inc. ("ARINC"),<sup>1</sup> by its attorneys, hereby submits these comments on the Commission's Notice of Proposed Rulemaking in the above-referenced matter.<sup>2</sup> By that Notice the FCC has proposed, inter alia, to modify the price cap rules designed to protect captive ratepayers of monopoly analog private line services.<sup>3</sup>

<sup>1</sup> ARINC is the communications company of the air transport industry and is owned and operated by the airlines and other aircraft operators. ARINC provides the civil aviation community, including the FAA, with a variety of voice and data telecommunications services on a not-for-profit basis and represents industry interests in regulatory and other forums. ARINC and the airlines rely heavily upon AT&T's services to support their nationwide and worldwide communications systems. Accordingly, ARINC and the airlines are significantly affected by the regulatory decisions made in this proceeding.

<sup>2</sup> Revisions to Price Cap Rules for AT&T, CC Docket No. 93-197, Notice of Proposed Rulemaking, 8 FCC Rcd 5205 (1993) ("Notice").

<sup>3</sup> Id. at 5208.

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Almost two years ago, ARINC and other parties filed several petitions for reconsideration or clarification<sup>4</sup> of the agency's Interexchange Competition Order that modified the price cap rules applicable to analog private line services.<sup>5</sup> In its petition, ARINC asked the Commission to close certain loopholes in the price cap safeguards. ARINC noted that AT&T had taken advantage of various ambiguities in the Interexchange Competition Order to increase rates for certain private analog service offerings by as much as 500%, effectively circumventing the FCC's goal to protect users of analog private lines from such abuse. Over ARINC's objections, the Common Carrier Bureau allowed those tariff increases to become effective, apparently because the

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<sup>4</sup> See, e.g., Competition in the Interstate Interexchange Marketplace, CC Docket No. 90-132, "Petition for Clarification and Reconsideration," filed by Aeronautical Radio, Inc., on November 25, 1991 ("ARINC Petition") (attached).

<sup>5</sup> Subsequent to the adoption of price caps, the agency undertook to deregulate further AT&T's business services. It concluded that additional streamlining of many of AT&T's business services would enhance competition and, thereby, reduce rates for the public. The FCC recognized, however, that it could not streamline the regulation of private analog circuits because of the lack of competition in that market. The Commission therefore retained those services under full price cap regulation in a revised Basket 3. See generally Competition in the Interstate Interexchange Marketplace, 6 FCC Rcd 5880 (1991) ("Interexchange Competition Order"), recon., 6 FCC Rcd 7569 (1991), further recon., 7 FCC Rcd 2677 (1992), second further recon., 8 FCC Rcd 5046 (1993).

Interexchange Competition Order did not "specifically" preclude such action.<sup>6</sup>

ARINC therefore requested that the agency clarify its decision by specifying the rate elements to be protected from such price gouging and manipulation.<sup>7</sup> In light of AT&T's actions, ARINC further asked the FCC to establish service bands within the analog private line basket to prevent cross-subsidization detrimental to analog service subscribers.<sup>8</sup>

The instant comments are not intended to supersede ARINC's petition in that related matter. Nor should the Commission delay action on ARINC's petition pending the completion of this proceeding, as service users already have been adversely affected by the agency's unwarranted delay in providing them relief from these unjustified increases. Nevertheless, the concerns presented in ARINC's petition are unquestionably relevant to the matters at issue here. Thus, ARINC believes the issues it has raised should be addressed at the first opportunity, whether on reconsideration of the Interexchange Competition Order or in this proceeding.

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<sup>6</sup> AT&T Communications, 6 FCC Rcd 6690 (1991); see also AT&T Communications, 7 FCC Rcd 1966 (1992); AT&T Communications, Transmittal No. 5366, Order, DA 93-918, released July 19, 1993 (similar increases affecting analog private line services allowed to become effective).

<sup>7</sup> ARINC Petition at 6-8.

<sup>8</sup> Id. at 8-9.

The urgent need to clarify the scope and protections of the Price Cap Order and Interexchange Competition Order has been underscored by a series of additional AT&T tariff increases that undermine the Commission's objectives. Most recently, AT&T proposed again to increase the rates for certain analog private line services, bringing the overall rate increase to almost 1,000 percent!<sup>9</sup> Absent prompt action, AT&T may again be permitted to circumvent the intent and purpose of the Commission's price cap rules.

Consequently, ARINC repeats its request here that the agency clarify its rules pertaining to the pricing of Basket 3 analog private line services to prevent cross-subsidization and excessive price increases that jeopardize public safety services required by the travelling public. To that end, ARINC recommends that the Commission establish 5% service band requirements for each element in the analog private line Basket 3. Such action is necessary to address price cap incentives that are inconsistent with the agency's commitment to ensuring both high service quality and reasonable rates.

Attached for association with its comments in this

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<sup>9</sup> AT&T Communications, Transmittal No. 4322, filed July 31, 1992. AT&T again substantially increased its charges for analog private line services in a series of filings this past summer. See AT&T Transmittal No. 5366, filed June 28, 1993, and Transmittal Nos. 5464, 5465 and 5466, filed July 16, 1993.

docket are copies of ARINC's "Petition for Clarification and Reconsideration" of the Interexchange Competition Order (Tab A) as well as ARINC's petition for rejection of one of AT&T's proposed tariff increases (Tab B.<sup>10</sup> AT&T's apparently continuing ability to circumvent any determination regarding the consistency of its exorbitant analog rate increases with the underlying objectives of the Interexchange Competition Order emphasizes the need for immediate Commission action.

Accordingly, the FCC should modify Basket 3 to ensure the achievement of its goals to prevent monopoly abuse of captive analog service users.

Respectfully submitted,

AERONAUTICAL RADIO, INC.

By Kurt E. DeSoto

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September 21, 1993

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<sup>10</sup> Also attached is a letter to the Chief of the Common Carrier Bureau providing additional information demonstrating that analog users are captive ratepayers of AT&T's services. See Letter from Robert J. Butler of Wiley, Rein & Fielding to Cheryl A. Tritt, Chief, Common Carrier Bureau, FCC (Sept. 24, 1992) (attached at Tab C).

**TAB A**

Before the  
Federal Communications Commission  
Washington, D.C. 20554

DUPLICATE  
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NOV 25 1991

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )  
 )  
Competition in the Interstate ) CC Docket No. 90-132  
Interexchange Marketplace )  
 )

To: The Commission

**PETITION FOR CLARIFICATION  
AND RECONSIDERATION**

Aeronautical Radio, Inc. ("ARINC"), by its attorneys and pursuant to Section 1.429 of the FCC's rules,<sup>1</sup> hereby petitions the Commission to clarify and reconsider its Report and Order in the above-referenced matter.<sup>2</sup> In that Order, the FCC further streamlined the regulation of many of AT&T's business services, yet retained price cap safeguards to protect captive ratepayers of monopoly analog private line services.

As discussed below, however, AT&T has taken advantage of various ambiguities in the Report and Order to increase rates for certain private analog service offerings by as much as 500%, thereby effectively circumventing the FCC's requirements. The agency should therefore clarify or reconsider its decision by specifying the rate elements to be

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<sup>1</sup> 47 C.F.R. § 1.429 (1990).

<sup>2</sup> Competition in the Interstate Interexchange Marketplace, CC Docket No. 90-132, Report and Order, released September 16, 1991 ("Report and Order").

protected from such price gouging and manipulation. In light of AT&T's actions, the FCC also should establish service bands within the analog private line basket to prevent rate cross-subsidization detrimental to analog service subscribers.

**A. INTRODUCTION AND BACKGROUND**

ARINC is the communications company of the air transport industry and is owned and operated by the airlines and other aircraft operators. ARINC provides the civil aviation community with a variety of voice and data telecommunications services on a not-for-profit basis and represents industry interests in regulatory and other forums. ARINC and the airlines rely heavily upon private line services to support their nationwide and worldwide communications systems. Accordingly, ARINC and the airlines are significantly affected by the regulatory decisions made in this proceeding.

In its Report and Order, the Commission concluded that further streamlining of many of AT&T's business services would enhance competition and, thereby, reduce rates for the public. The FCC recognized, however, that it could not streamline the regulation of private analog circuits because of the lack of competition in that market. Further deregulation of analog private lines, the agency reasoned,



could lead to increased prices contrary to its goals.<sup>3</sup> The Commission therefore retained those services under full price cap regulation in a revised Basket 3.

The day after the FCC's Report and Order was released, however, AT&T filed analog voice grade tariff revisions to raise many of its rates substantially.<sup>4</sup> For example, AT&T proposed to raise its analog multipoint charge from \$3.00 to \$15.00 per termination, an increase of 500%,<sup>5</sup> and to increase the charges for a private line service transfer arrangement from \$29.50 to \$50.00 per month, an increase of approximately 66%.<sup>6</sup> Moreover, although AT&T proposed to decrease per miles charges for interoffice circuits,<sup>7</sup> it would increase the fixed monthly charges for those circuits from \$75.72 to \$175.22 for the 1-50 mileage band and from \$156.22 to \$175.22 for the 51-100 mileage band.<sup>8</sup> Thus, changes in the charges for interoffice circuits would vary, but in some cases would increase by as much as 125%.

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<sup>3</sup> Id. at ¶ 81.

<sup>4</sup> AT&T Communications, Transmittal Nos. 3464 and 3465, filed Sept. 17, 1991.

<sup>5</sup> Id. at Sections 8.2.5, 16.2.4.

<sup>6</sup> Id. at Section 8.2.4.

<sup>7</sup> Id. at Section 8.2.1. The per mile charge decreased from \$3.00 to \$1.20 for the 1-50 mileage band and from \$1.39 to \$1.20 for the 51-100 mileage band.

<sup>8</sup> Id.

ARINC and other parties filed petitions for rejection of those tariff revisions.<sup>9</sup> The petitioners argued, inter alia, that AT&T sought to take advantage of ambiguities in the Report and Order to increase rates contrary to the FCC's objectives to protect analog ratepayers and without the cost support or other justification that would otherwise be required for what amounted to an "above cap" increase. As such, they showed AT&T's revisions violated Section 201 of the Communications Act, which requires carriers to establish just and reasonable rates.<sup>10</sup> ARINC demonstrated that if the revisions were permitted to become effective, ratepayers would be forced to pay exorbitant rates for services for which they currently have no competitive alternative.<sup>11</sup> It is the potential for just such abuses that historically underlies users' concerns about the effectiveness of the price cap regime in general.

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<sup>9</sup> AT&T Communications, Transmittal Nos. 3464 and 3465, "Petition for Rejection or, in the Alternative, Suspension and Investigation," filed by Aeronautical Radio, Inc., on Sept. 24, 1991; "Petition for Partial Suspension and Investigation," filed by the Ad Hoc Telecommunications Users Committee, on Sept. 24, 1991; "Petition to Reject or, in the Alternative, Suspend," filed by the American Petroleum Institute, on Sept. 25, 1991.

<sup>10</sup> 47 U.S.C. § 201(b) (1991).

<sup>11</sup> ARINC is transitioning portions of its network to digital services, but must rely extensively upon analog facilities for the remaining portions. Therefore, ARINC will likely be forced to pay the higher rates on most of its network.

AT&T contended that analog services that employ digital interoffice circuits should not be subject to the price cap restrictions retained in the Report and Order.<sup>12</sup> AT&T failed to admit, however, that it had unilaterally transitioned its subscribers from analog to digital interoffice circuits; nor did it acknowledge that users still receive analog transmissions over the analog drops for these circuits. Nevertheless, AT&T maintained that its self-interested actions had deprived users of such circuits of essentially all regulatory protections.

Shortly thereafter, AT&T filed revisions to reduce the rates for terrestrial television circuits that also would remain under price caps in the new analog Basket 3.<sup>13</sup> These filings were intended to satisfy the FCC that the rate increases for multidrop and interoffice channels under Transmittal Nos. 3464 and 3465 were at least partly offset, thereby allegedly meeting the requirements set out in the Report and Order.

The Common Carrier Bureau allowed the rate revisions to become effective with the usual "form order," finding nothing

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<sup>12</sup> AT&T Communications, Transmittal Nos. 3464 and 3465, "Reply," filed Oct. 3, 1991, at 8 & n.\*\*; see also Letter from John J. Langhauser, AT&T, to Donna R. Searcy, FCC, at 2-3 (Oct. 22, 1991) ("AT&T Letter").

<sup>13</sup> AT&T Communications, Transmittal No. 3532, filed October 9, 1991.

patently unlawful with the tariff.<sup>14</sup> The Bureau's Order did not address the 500% increases or explain how these increases were consistent with the policies enunciated in the FCC's Report and Order.

**B. The FCC Should Clarify the Application  
and Scope of Its Report and Order  
So As To Protect Analog Users**

AT&T's rate revisions illustrate the need to clarify what rate elements should be included in the modified Basket 3. In its pleadings on Transmittal Nos. 3464 and 3465, AT&T claimed that analog services that employ digital interoffice circuits should not be placed in the new analog Basket 3 established by the Report and Order.<sup>15</sup> AT&T claims that to do so "would make the services subject to continuing price cap regulation dependent not on the nature of the service provided by AT&T (i.e., analog or digital) but on the nature of the customer's terminal equipment."<sup>16</sup>

AT&T's statement is misleading. Although AT&T may employ digital inter-office circuits, it provides analog service to ARINC. AT&T's unilateral decision to transition its interoffice circuits to digital technology to accommodate

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<sup>14</sup> AT&T Communications, Inc., Order, DA 91-1393, released November 7, 1991.

<sup>15</sup> See note 13, supra.

<sup>16</sup> AT&T Letter at 2.

its own business objectives does not change the fact that the ultimate transmissions provided to ARINC and the airlines are analog.

More importantly, AT&T's position ignores the FCC's objective to protect analog ratepayers that subscribe to monopoly services without competitive alternatives. AT&T's claim that there are numerous suppliers of analog multidrop circuits and, thus, that analog users are not captive ratepayers is disingenuous.<sup>17</sup> In fact, the number of viable alternative suppliers is limited. Moreover, no new providers are likely to enter this particular segment of the market, since demand is declining as users transition to digital services. Thus, AT&T remains the dominant provider of analog multidrop services.

Even if numerous suppliers existed, ARINC and other current AT&T customers would not be able to switch easily to those suppliers. The costs and disruptions associated with such forced migration outweigh any perceived countervailing purposes. The costs of transitioning to digital multidrop circuits would total about \$2 million for ARINC alone. The airlines and other users would incur similar costs. Service disruptions would likely occur during such a transition because of the need to coordinate and test changed circuits.

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<sup>17</sup>

Id.

Consequently, the FCC should either clarify or reconsider its Report and Order to include all analog private line rate elements under its new Basket 3, regardless of AT&T's network configuration. Only by such action can the agency establish adequate protections to ensure the proper implementation of its decision to protect analog private line users.

**C.    The FCC Should Establish Service Bands to Prevent Cross-Subsidisation and Rate Manipulation in the New Private Line Basket**

As noted above, AT&T apparently has cross-subsidized terrestrial TV circuits by increasing rates for analog multidrop users. Indeed, such action is possible as a result of the FCC's decision not to develop service bands for individual rate elements under its "Voice Grade and Below" category or for the new analog Basket 3.<sup>18</sup> Given the abuses described herein, however, the FCC should reconsider its decision not to require service bands in the new Basket. The manipulation of rates and the strategic pricing that has occurred here -- and which will likely reoccur if not restricted -- should not be tolerated.<sup>19</sup> Accordingly, ARINC

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<sup>18</sup>    Report and Order, at ¶82.

<sup>19</sup>    Indeed, the agency has explicitly restricted such strategic pricing in the past and should do so here. See generally Investigation of Special Access Tariffs of Local Exchange Carriers, CC Docket No. 85-166 Phase II, Part 1, FCC

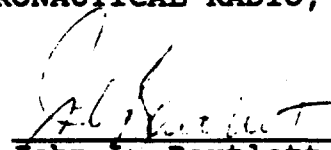
asks that the FCC establish 5% service band requirements for each element in its new analog private line Basket 3.

D. CONCLUSION

For the foregoing reasons, the FCC should clarify and reconsider the Report and Order to ensure the achievement of its goals to prevent monopoly abuse of captive analog service users.

Respectfully submitted,  
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November 25, 1991

**TAB B**



DUPLICATE

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of  
AT&T COMMUNICATIONS  
Revisions to Tariff F.C.C No. 9  
To: The Commission

)  
)  
)  
) Transmittal No. 4322  
)  
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AUG 7 1992  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**PETITION FOR PARTIAL REJECTION,  
SUSPENSION OR INVESTIGATION**

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August 7, 1992

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## SUMMARY

When the Commission further streamlined AT&T's business services in the Interexchange Competition Order, it recognized that additional protections were needed to ensure the reasonableness of rates for analog private line offerings that are not subject to the same competitive pressures as other business offerings. Thus, the agency decided to retain price cap restraints for analog private line services to curb excessive rate inflation.

AT&T's tariff proposal here tests for the third time in 11 months whether these protections will have any meaning at all. If allowed to become effective, the revisions in AT&T's Transmittal No. 4322, together with earlier revisions, will increase certain rate elements by as much as 1,000 percent. The impact on ARINC alone will be over \$600,000.00 per year, and the airlines and other customers will experience similar exorbitant increases. Captive ratepayers of monopoly services should not be subjected to such pricing abuses.

Accordingly, ARINC calls upon the Common Carrier Bureau to reject AT&T's proposal. The revisions clearly are inconsistent with the Commission's Interexchange Competition Order. If not rejected, the proposed rates should be suspended to allow the Bureau to investigate their reasonableness or, as a minimum, to allow the agency to address this matter in its pending reconsideration of the Interexchange Competition Order. Suspension and investigation are warranted given the likelihood that these rates will be found unlawful, the injury to ARINC and other similarly-situated customers, and the public interest expressed by the Commission in protecting analog ratepayers.

Before the  
Federal Communications Commission  
Washington, D.C. 20554

In the Matter of )  
 )  
AT&T COMMUNICATIONS ) Transmittal No. 4322  
 )  
Revisions to Tariff F.C.C No. 9 )  
  
To: The Commission

**PETITION FOR PARTIAL REJECTION,  
SUSPENSION OR INVESTIGATION**

Aeronautical Radio, Inc. ("ARINC"), by its attorneys and pursuant to Section 1.773 of the FCC's rules,<sup>1</sup> hereby petitions the Commission to reject, suspend or investigate AT&T's proposed revisions to the rates for analog private line services in the above-referenced tariff transmittal.<sup>2</sup> By these revisions, AT&T proposes its third rate increase in less than 11 months to achieve a cumulative increase for some elements as high as 1,000 percent.

ARINC calls upon the Common Carrier Bureau to halt such monopoly abuses that flout the FCC's stated goals to protect captive ratepayers of analog services.<sup>3</sup> The instant transmittal follows exorbitant increases to the rates for analog private line multipoint circuits, interoffice

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<sup>1</sup> 47 C.F.R. § 1.773 (1991).

<sup>2</sup> AT&T Communications, Tariff F.C.C. No. 9, Transmittal No. 4322, filed July 31, 1992; ("AT&T Proposal").

<sup>3</sup> See generally Competition in the Interexchange Marketplace, 6 FCC Rcd 5880 (1991), recon., 6 FCC Rcd 7569 (1991), further recon., 7 FCC Rcd 2677 (1991), further recon. pending ("Interexchange Competition Order").

circuits, and access coordination functions under Transmittal Nos. 3464, 3465, and 3907 that were likewise inconsistent with the Commission's Interexchange Competition Order and were subject to petitions for rejection filed by ARINC and others.<sup>4</sup>

The filing of Transmittal No. 4322 in the face of these earlier increases also demonstrates the urgent need for the FCC to expedite its clarification of the application and scope of its Interexchange Competition Order to protect analog ratepayers. Such relief was requested by ARINC and other parties almost a year ago.<sup>5</sup> The FCC should therefore reject, suspend or investigate AT&T's proposed revisions insofar as they result in increases to analog services.

#### I. INTRODUCTION AND BACKGROUND

ARINC is the communications company of the air transport industry and is owned and operated by the airlines and other aircraft operators. It was organized in 1929 at the suggestion of the Federal Radio Commission. ARINC provides the civil aviation community, including the Federal Aviation

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<sup>4</sup> See generally AT&T Communications, Inc., 6 FCC Rcd 6690 (1991); AT&T Communications, 7 FCC Rcd 1966 (1992).

<sup>5</sup> See, e.g., Competition in the Interstate Interexchange Marketplace, "Petition for Clarification and Reconsideration," filed on November 25, 1991, and "Supplemental Comments" filed May 22, 1992, by Aeronautical Radio, Inc.

Administration, with a variety of telecommunications services on a not-for-profit basis and represents industry interests in regulatory and other forums. ARINC and the airlines, rely heavily upon private line services to support their nationwide and worldwide communications systems serving the safety and convenience of the travelling public. Accordingly, ARINC and the airlines will be significantly affected by the decision made in this proceeding.

In its Interexchange Competition Order, the Commission concluded that further streamlining the regulation of many of AT&T's business services would enhance competition and, thereby, reduce rates for the public benefit. The FCC recognized that it could not streamline the regulation of private analog circuits, however, because of the lack of competition in that market. Further deregulation of analog private lines, the agency reasoned, could lead to increased prices contrary to its goals.<sup>6</sup> The Commission therefore retained those services under the protection of full price cap regulation. It also established additional requirements to implement those protections, effective 30 days after Federal Register publication of the Interexchange Competition Order.

AT&T apparently decided to take advantage of the deferred effective date of the Interexchange Competition

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<sup>6</sup> Interexchange Competition Order, 6 FCC Rcd at 5895.

Order to file analog voice grade tariff revisions that did not comply with the agency's additional protections and increased many of AT&T's rates substantially.<sup>7</sup> Specifically, AT&T proposed in Transmittal Nos. 3464 and 3465 to raise its Analog Multipoint Charges ("MPCs") by 500%, and to raise the charges for service Transfer Arrangements from \$29.50 to \$50.00 per month, an increase of approximately 70%. Moreover, AT&T proposed changes to Interoffice Circuit Charges ("IOCs") that in some cases increased rates by as much as 125%. ARINC estimated that it alone incurred additional charges of over \$200,000.00 per year as a result of these revisions. The airlines and other users were subject to comparable increases.

ARINC and others filed petitions for rejection.<sup>8</sup> The petitioners argued, among other things, that the transmittals should be rejected because they were inconsistent with the FCC's objectives to protect analog ratepayers and did not provide the cost support or other justification that would otherwise be required for what amounted to an "above cap" increase. As such, AT&T's proposal violated Section 201 of

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<sup>7</sup> AT&T Communications, Tariff F.C.C. No. 9, Transmittal Nos. 3464 and 3465, filed September 17, 1991.

<sup>8</sup> See, e.g., AT&T Communications, Transmittal Nos. 3464 and 3465, "Petition for Rejection or, In the Alternative, Suspension and Investigation," filed by Aeronautical Radio, Inc., on September 24, 1991 ("ARINC Tariff Petition").

the Communications Act, which requires carriers to establish just and reasonable rates.<sup>9</sup>

ARINC also demonstrated that, if the revisions were permitted to become effective, ratepayers would be forced to pay exorbitant rates for services for which they currently have no competitive alternatives.<sup>10</sup> The fears expressed by ARINC and others in the Price Cap and Further Deregulation Proceedings that users would be subjected to monopoly abuse would then be realized.

AT&T responded that it had technically complied with the price cap rules as they existed prior to the effective date of the Interexchange Competition Order.<sup>11</sup> It also claimed that the rate elements at issue in Transmittal Nos. 3464 and 3465 were no longer subject to the FCC's price cap protections. Specifically, AT&T argued that, notwithstanding the FCC's objectives, the Interexchange Competition Order does not apply to analog rate elements associated with

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<sup>9</sup> 47 U.S.C. § 201(b) (1991).

<sup>10</sup> ARINC Tariff Petition at 4-5. ARINC noted that it is transitioning to digital services, but for the present must rely extensively upon voice grade facilities. AT&T should not be permitted to flout the FCC's policies to force ARINC or other users to transition immediately to digital circuits. Such strategies were found unreasonable by the FCC in other proceedings. See, e.g., Investigation of Special Access Tariffs of Local Exchange Carriers, CC Docket No. 85-166 Phase II, Part 1, 5 FCC Rcd 400 (1990).

<sup>11</sup> AT&T Communications, Transmittal Nos. 3464 and 3465, "AT&T Reply," filed Oct. 3, 1991 at 4-7.



"digital" interoffice circuits, even if the nature of these services is analog. Id.

The Bureau allowed the increases to become effective without an explanation as to how the proposal was consistent with the policies set out in the Interexchange Competition Order. Accordingly, ARINC and others filed petitions for reconsideration of the Interexchange Competition Order seeking clarification.<sup>12</sup> In its petition, ARINC asked the agency to specify the rate elements to be protected from price gouging and manipulation by AT&T. It also asked the Commission to prohibit AT&T from circumventing the intent and purpose of the Commission's protections simply because the precise abuse chosen by AT&T was not "specifically" proscribed. In essence, ARINC asked the agency to prohibit AT&T from elevating "form over substance."

Notwithstanding the fact that ARINC's petition remained pending, AT&T last March again increased rates for analog private line services.<sup>13</sup> Specifically, AT&T raised the Access Coordination Function ("ACF") monthly recurring rates from \$10.55 to \$20.00, or almost double the then current rate. These revisions resulted in an increase to ARINC alone of over \$175,000.00 per year. Despite ARINC's objections,

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<sup>12</sup> See note 5, supra.

<sup>13</sup> AT&T Communications, Tariff F.C.C. No. 11, Transmittal No. 3907, filed March 2, 1992.